

# Timing is Everything

*Some helpful retirement tips for employees from the IRS...*

How much can I save for retirement in 2006?



- If you participate in a 401(k) or a 403(b) plan:
  - You can make up to \$15,000 in pre-tax contributions.
  - Over age 50? You may be eligible to make “Catch-Up Contributions” up to an additional \$5,000.
- If you participate in a SIMPLE IRA plan:
  - You can make up to \$10,000 in pre-tax contributions.
  - Over age 50? You may be eligible to make “Catch-Up Contributions” up to an additional \$2,500.

Are there any tax credits for making retirement plan contributions?

- Some workers qualify for the “Retirement Saver’s Credit”:
  - This is a tax credit of up to \$1,000 or up to \$2,000 if filing jointly.
  - To qualify for the credit, there are limits on your adjusted gross income:
    - \$50,000 if married filing jointly,
    - \$37,500 if head of household, or
    - \$25,000 if single, married filing separately or qualifying widow(er).
  - Use Form 8880, *Credit for Qualified Retirement Savings Contributions*, to calculate the credit.



For more retirement tips, talk to your employer or visit [www.irs.gov/ep](http://www.irs.gov/ep), select “Plan Participant/Employee” and click on “Timing is Everything.”

